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## FRAUDULENT CLAIMS/PENALTIES

Maintaining the integrity of the unemployment insurance program is an important function which helps ensure benefits are paid only to those who qualify for benefits under the law.

Employers and claimants are educated through informational pamphlets, periodic educational seminars/clinics, one-on-one communications and the internet to explain the unemployment insurance program.

The Department uses various procedures and techniques to detect fraud and abuse. A few methods include routine audits of employer payroll records, crossmatching employer payroll records with benefit payments within Wisconsin and with other states, the exchange of information with other agencies, and the investigation of complaints and tips from various sources.

Wisconsin's law provides for penalties and/or criminal prosecution for fraudulent unemployment insurance claims.

- A claimant is assessed forfeitures (administrative penalties) for the intentional concealment of information affecting benefit eligibility.

A forfeiture is the withholding of future payable benefits for intentionally concealing information affecting unemployment eligibility. This can be in addition to any overpayment which must be repaid.

A forfeiture can range from one-fourth to four times a claimant's weekly benefit rate for each act of concealment.

Once a forfeiture is assessed, it stays in effect for six years or until satisfied, whichever occurs first.

- An employer determined to have aided and abetted a claimant in committing an act of concealment or misrepresentation is assessed an administrative penalty.

The penalty assessed is also called a forfeiture. The penalty equals the amount of the claimant overpayment.

Examples of aiding and abetting are the banking of hours and/or the falsification of required reports which allows a claimant to fraudulently receive unemployment benefits.

Improperly paid benefits are charged against the employer found guilty of aiding and abetting even if the improperly paid benefits are recovered.

- Any individual who makes a false statement or a misrepresentation in order to obtain benefits that are payable to another person may be required to repay the improperly obtained benefits. The offender may also be required to pay an additional administrative assessment equal to but not more than 50% of the amount of the benefits obtained.
- In addition to administrative forfeitures, criminal penalties (such as fines from \$100 to \$500 and imprisonment up to 90 days, or both) for each offense can be applied to any person(s) found guilty of:
  - a. Making false statements or representations to obtain unemployment benefits either for himself/herself or any other person.
  - b. Making a false statement or representation in connection with any report or any information duly required by the Department,
  - c. Refusing or failing to keep any records or to furnish any report duly required by the Department.

The unemployment insurance program is a partnership among employers, claimants and the department. All parties must do their part to deter fraud and abuse. Report suspected or known violations to one of our Benefit Centers.

References: 108.04(11) and 108.24(1) and (2) of the Wisconsin Statutes.